

CDBG Monitoring Most Common Findings in FY 2012-13

1. HUD Section 3 requirement Forms are not being completed as required for projects over \$100,000 (for Contractors) and over \$200,000 (For Subrecipient).

- A) Make sure Compliance Guide to Section 3 and Forms are included in the CDBG bid/contract package.
- B) Section 3 is not being addressed by the subrecipient with the prime contractor in the preconstruction meeting. The prime is responsible in ensuring that their subcontracts also complete Section 3 Forms for their business and employees.
- C) The required Section 3 Forms are not hard to fill out if it is done during the bid and beginning of the Construction project. Capture the necessary information from construction employees, Form E – Income Certification for Section 3 Residents, on their first day. This is much harder to obtain after those employees are no longer working on the project.
- D) Part of the Section 3 Forms may have been completed through the bid and award process (i.e. -Forms A, B, D, and part of E). However Section 3 is often not continued in the construction phase when construction staff is hired and the sub contractors and their staff begin work on the job.
- E) Section 3 Forms F & G are not completed by the sub recipient and sent to HCD for reporting requirements.
- F) Expand outreach efforts to hire Section 3 residents and businesses by advertising to local unemployment office and public housing sites. Post copies of advertisements for training and employment at the project site and maintain a photographic evidence of displayed advertisement in the project files. Document your good faith efforts to hire Section 3 residents and businesses.

2. HUD Davis Bacon Wage Determination:

- A) Davis Bacon Wage Determination for San Diego County must be documented with a hard copy in the file. (General Decision Number, Publication Date, & Modification Number). Lock in date and the Davis Bacon Wage Determination need to be in the CDBG project files.
- B) On the weekly Certified Payroll, clearly identify Employee Wage Classification and Group Number in accordance with the Davis Bacon Wage Determination.
- C) If State Prevailing Wage Determination is used, contractor must ensure to **also include the Davis Bacon class and Group Number identified** for verification of compliance with HUD Davis Bacon regulation. In some cases this can be very hard to cross reference and the trail leads back to the sub recipient for verification.
- D) Do not forget to have the contractor, and subcontractors, identify the payroll week number and any non working weeks.

- E) Each certified payroll needs to be signed and dated by the responsible sub recipient project manager to verify timely review and compliance with the applicable HUD Davis Bacon prevailing wage.
- F) Wage rates and classification stated on the Employee Interview Forms must match with the Certified Payrolls.

3. Invoices

- A) Complete description of work performed.
- B) No “summarized” invoices.
- C) If work performed does not mirror the bid, then a change order to support the changes must be in file. If the project does not mirror the HCD Scope of Work, HCD approval must be documented in the files.
- D) If work changes involve a different project location or design, then HCD approval and another environmental review are necessary.
- E) Incorrect pay code or missing pay code of time spent for the CDBG project. Unable to determine salary allocation to CDBG funded project especially if there are multiple funding sources.

4. Other

- A) Retain all project files for at least five (5) years from completion of project.
- B) Debarment clearance must be obtained before execution of contract with subcontractors. Debarment clearance printout must be retained in the project files.
- C) Quarterly reports must be submitted to HCD timely and copy must be retained in the project files.